

Suggestions for a Sustainable Reorganization of the European Economy

The almost unconditional liberalization of world trade led to a partial deindustrialization in Europe on the one hand and to an outsourced production under to some extent slave-like conditions in so-called low-wage countries on the other hand. The underlying current trade regulations also enforce an insidious social dumping, which slowly ruins a previously established broad middle class in Western Europe under the demagogic slogan of 'competitiveness'. In the seventies of the twentieth century even an unskilled laborer in Germany or Austria could get along very well with a family of four as a sole earner. This is almost unthinkable now, although improvements ought have been expected by technological achievements since then. The current situation could have been avoided, if the reduction of trade barriers and tariffs since the eighties of the last century would have been linked to obligatory social and ecological minimum standards.

Finally high uniform ethical social and ecological minimum standards for all products^[*] traded within the inner-European market should be established, no matter whether they were produced inside or outside the Union. Realistically this can only be implemented with transitional periods. A sufficient control of compliance with respect to the political economy could be limited to random sampling and a whistle-blower system, which facilitates the denunciation of black sheep among the competitors. Would China, India etc. adapt European minimum standards within the transitional periods, the emerging middle class of these countries would increasingly be able to request consumer goods from Europe and invigorate the labor market within the EU. Should these countries reject such standards, the European economy – protected from unfair dumping and thus 'competitive' – could supply the domestic demand, what also would stimulate employment. However, since low wages bring no artificial advantages anymore, in most cases local providers would be favored due to lower transport cost, which in turn would reduce traffic-related pollution. We can not force other parts of the world to respect the frequently invoked 'European values', rather we should comply with them ourselves and actualize human rights and environmental protection together with voluntary partners. That economy needs certain regulations for the protection of humans and environment, is already proved by the failure of the neo-liberal experiment during the past decades, because there are always some people, who ruthlessly enrich themselves otherwise. Only if the local population substantially produces its own supply under fair conditions again, the constant spreading of precarity in Europe can be stopped. Cheap imports are only seemingly favorable for the average citizen, as a huge part of the profit goes to global investors and this deprives the local economy of wages, social security contributions, taxes, etc.

To limit the requirements of industrial consumer goods, a serious containment of planned obsolescence (in technical and marketing-related forms) is necessary as well as the promotion of durable, repair-friendly and easily recyclable products. This would reduce the demand for non-renewable raw materials on the one hand and allow to meet the demographic challenges of an aging society (shrinking of working population part, increased need for elderly care) on the other hand. Besides, rather family-unfriendly industry employment (with shift work, etc.) could partly be replaced by more valuable jobs in small businesses and crafts by a new culture of repair, without inhuman slavery or the massive exploitation of the raw materials, which are accompanying the current throwaway society. If – contrary to my expectations – the saving of work, despite fair world trade and emerging demographic shifts, generates a manpower surplus, this could be used to keep a relatively low retirement age or to shorten the work week. (In the eighties of the last century, there were already serious considerations for a 35-hour work week.) Provided an appropriate trade policy of the EU, this short (life) work time would be 'competitively viable' as long as, as no exploitation is necessary to secure an adequate supply of the population in Europe. Today international competition is crowding out elderly, naturally not so productive workers from labor market. Rapidly obsolete and cheap import goods cause enormous additional indirect costs. In respect of European prosperity it would be better if measures against rapid obsolescence could be implemented more quickly than social and ecological minimum standards against dumping. Thus, bottlenecks in the reconstruction phase of the economy could be avoided. Unfortunately or should I say: 'Due to a higher justice', one has to anticipate difficulties owing to international attempts to allure the Europeans from this path by sanctions etc., although in the long term it also would be better for countries such as China to switch to a wealth-generating domestic supply with durable consumer goods. World trade should be limited to compensations for unforeseen fluctuations in demand and production (through disasters etc.) and an ecologically acceptable interchange of regional specialties. In addition advertising, which generates artificial demands that wouldn't exist without such manipulation, should be combated. On the contrary, a more frugal lifestyle should be promoted.

[*] ALL (imports) really means all, including raw materials and agricultural goods. A selective exploitation, as it existed prior to the neo-liberal phase should be prohibited as well. However, this requires the transition to long-lasting, easily repairable and recyclable consumer goods in order to avoid a shortage of raw materials. By the implementation of such rules at least Europe would no longer financially support social injustice and ecological devastation to the massive extent of present days. The complicity of our continent to crimes in this context is already bad enough. Therefore the suggestions are not to be interpreted and abused for a traditional, just unilaterally advantageous protectionism.

To protect democracy from a massive partly hidden lobbying, corporations etc., which are too big or have too much influence, should be divided in accordance with the principle of "DIVIDE ET IMPERA". Stocks and shares should be distributed to the enterprise parts by lottery. For this purpose a new antitrust law with sociopolitical aims should be implemented. In addition to the preservation from plutocratic tendencies this would maintain or restore a market with efficient competition by preventing mono- or oligopolies. Economic entities must be constrained to an insignificant size compared to the power of political authorities, who should set economic rules exclusively in accordance with the general public interest.

Moreover, investments should be subject to a 5 up to 10-year long binding period, within which they can only be resold with enormous penalty charges. Alternatively, a financial transaction tax could be introduced and the voting rights of those owners, who commit themselves to keeping their shares at least five (cf. e. g. the appointment of the executive board by the supervisory board) or more years, should be multiplied by a factor corresponding to this number of years. Then gambling at millisecond intervals would have an end and glances at the current quotations would be less dominant during shareholder meetings. In addition European shares should be traded only on European stock exchanges and subjected to strict European rules. A tax-relevant involvement of non-European enterprise parts within the profit and loss account should be confined to an almost negligible extent.

People who are more diligent or smarter should be able to gain some benefits by their commitment, because under appropriate social conditions their achievements serve the whole human community. But in order to avoid disproportionate influence, which endangers democracy, there must be an absolute asset limit. Effortless income from bank deposits, stocks, rents etc. usually should be subject to the normal wage and income taxation.

If necessary, the European economy should be protected against an adverse international environment by restrictions on capital transactions and confinements of profiteering in the field of patent or other intellectual property licenses.

Warning^[]**

All responsible leaders but also other vastly above-average profiteers of the present exploitative unfair system have to expect that they will be prosecuted after a sooner or later inevitably coming collapse. If those people are already very old at that time, courtrooms and prisons equipped properly for geriatrics will be necessary. Unfortunately, sanctions against them will be indispensable for general preventive reasons. It's not about retaliation of crimes against the slave laborers of low-wage countries or against the living resources of future generations of mankind. It simply must be made clear once and for all that such behavior is not worthwhile in the long run.

For the same deterrent effect illegitimately gained assets must be reclaimed from the heirs of the aforementioned system participants (e.g. children, grandchildren, or great-grandchildren), even if those personally did nothing wrong themselves. This is not more unfair than the disadvantages, today's descendants of low-wage workers or otherwise impoverished parents are suffering. If one really wants to prepare a good future for his or her children and grandchildren, he or she has to work for a just and ecologically sustainable living society.

[**]Unfortunately, the globalization elites seem to understand only the language of fear, specifically that fear, which let them try to seize more and more power (of controlling) and wealth for themselves and their descendants. Maybe someone has a better idea, how to induce these people to participate cooperatively in building a better world.

Some political claims

* Financial transaction taxes and punishment of speculative short term investments.

(Slow down of the velocity in the financial sector, investors should be encouraged to more sustainable strategies in shareholder meetings.)

* Property taxes with high exemption limits, but progressive increase above and an absolute asset limit with expropriation of the exceeding wealth.

(Prevention of plutocratic influence. Redistribution in order to relieve the indebted public budget and empower the lower and middle class.)

* Unbundling of major corporations with a democratically justified new antitrust law.

(Protecting democracy against plutocratic tendencies. Maintenance or restoration of a market with efficient competition by prevention of mono - and oligopolies.)

* High social and ecological minimum standards for all products and services within the EU, after transitional periods also for all imports.

(Prevention of exploitation of people in low-wage countries. Enhanced resilience against dumping attacks on the European welfare system. Avoidance of European addiction to industrial production under politically perilous and ecologically doubtful conditions.)

* Rigorous containment of planned obsolescence, in technical and marketing-related forms. Abatement of advertising, which generates artificial demands that wouldn't exist without such manipulation.

(Reduction of resource wasting for ecological reasons. Reduced dependency on non-renewable raw materials, which might be even reasons for war in future. Sustainable reduction of industry production demand in respect of demographic requirements, which not only imply a general reduction of the employment rate by changes in the age structure of the population, but also an increased need for elderly care. Yet still, measures in this context would lead to a revitalization of repair crafts accompanied by the creation of valuable jobs.)